

VZCZCXRO1332
PP RUEHROV
DE RUEHTV #1063/01 1011250
ZNY CCCCC ZZH
P 111250Z APR 07
FM AMEMBASSY TEL AVIV
TO RUEHC/SECSTATE WASHDC PRIORITY 0477
INFO RUEHKK/ARAB ISRAELI COLLECTIVE
RUEKJCS/SECDEF WASHDC
RHMFISS/HQ USEUCOM VAIHINGEN GE
RHEHNSC/NSC WASHDC
RUEHNO/USMISSION USNATO 0145

C O N F I D E N T I A L SECTION 01 OF 04 TEL AVIV 001063

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E.O. 12958: DECL: 04/11/2017

TAGS: [PREL](#) [KPAL](#) [KWBG](#) [NATO](#) [IZ](#) [IS](#)

SUBJECT: ISRAELI MOD CONTACTS SHARE VIEWS ON PALESTINIANS,
IRAQ, IRAN AND NATO WITH POLAD YATES

Classified By: Deputy Chief of Mission Gene A. Cretz. Reasons: 1.4 (b)
(d).

SUMMARY

¶1. (C) In a March 29 meeting, Israeli officials from the MOD's POL-MIL Bureau briefed EUCOM Political Advisor (POLAD) Mary Carlin Yates on their assessment of the Palestinian National Unity Government (NUG) and its implications for Palestinian-Israeli relations, Israeli thinking about the negative effects of any precipitous U.S. withdrawal from Iraq, and the current status of Israel-NATO relations. They said that the Palestinian NUG poses a challenge for Israel in that it might help to legitimize Hamas' role in Palestinian political life, and urged that the U.S. lead the international community in maintaining pressure on the NUG to accept the Quartet Conditions. They also underscored MOD's commitment to making progress on movement, access and other quality-of-life issues for the Palestinians. They listed five likely, negative consequences they believe would result from any early U.S. withdrawal from Iraq, and noted that Israel would not allow chaos emanating from a destabilized Iraq to reach its border. They painted a NATO-Israel relationship in standstill, acknowledging that this is partly due to Israel's lack of vision, but also suggesting that the relationship could not reach its full potential as long as Israel is dealt with only within the context of the Mediterranean Dialogue. END SUMMARY.

POLAD YATES' ISRAELI MOD INTERLOCUTORS

¶2. (C) On March 29, POLAD Yates met with four officials at the Israeli MOD to discuss the Palestinian situation, Iraq, and Israel and NATO. The four officials were:

-- Rami Yungman (COL., Res.), Director for Strategic Dialogues with U.S., Turkey, Jordan and India; responsible for coordinating the Israeli MOD's bilateral relationship with the Pentagon.

-- Shmuel Limone (COL., Res.), Senior Advisor on Nonproliferation and Iran's Nuclear Weapons and Missile Programs.

-- Uri Naumann (COL., Res.), an advisor in the MOD, and former Head of the External Relations Department. He has a background in military intelligence. His current assignment is to coordinate the Israeli MOD's activities to build relations between Israel, NATO and the EU. He has also been

tasked to work on issues concerning UN peacekeeping activities, specifically the enhanced UNIFIL in southern Lebanon.

-- Yoav Peleg (LTCOL., Res.), an advisor in the MOD on Palestinian issues.

POLAD Yates was accompanied by Embassy Tel Aviv's POL-MIL Officer. Highlights of the meeting follow, by subject.

THE PALESTINIAN SITUATION AND THE NUG

13. (C) Yoav Peleg said that the main issue now facing the GOI is how to address the formation of the Palestinian National Unity Government (NUG). Peleg said Israel views the formation of the NUG as the response to an internal conflict among Palestinian groups, and an attempt to reduce international pressure on the Palestinians. The GOI, he said, is conditioning its approach to the NUG on the NUG's acceptance of the Quartet principles (e.g., recognition of Israel, acceptance of previous agreements, nonviolence). Peleg said that the U.S. and Israel agree that the NUG has not accepted any of the three principles, and expressed skepticism that the NUG would ever do so. Israel's concern is that the NUG will gain legitimacy from Arab states and the international community.

14. (C) Peleg said that Israel's other concern is that Hamas will use the NUG in order to establish its own role in the Palestinians' political life for years to come. In this way, the NUG will be used to strengthen Palestinian terrorist groups by helping them to smuggle arms, equipment and funds into the Palestinian territories, and secure training in

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Iran. Peleg lamented that as long as the NUG is around, it appears likely that the Arabs and other countries will not keep pressure on Hamas. The NUG, he said, may direct attention away from ongoing terrorist activities including the daily launches of Qassam rockets from the Gaza Strip, and attacks in the West Bank.

15. (C) In light of this, Peleg urged that the international community, the U.S. and Israel continue to put pressure on the NUG. There should be no dialogue with NUG ministers, and no money transfers through the NUG. Peleg expressed appreciation for what he described as the "policy of Secretary Rice and the Quartet to maintain pressure on the

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NUG." At the same time, he said that moderates need to be helped and encouraged: "Abu Mazen is the obvious address. Prime Minister Olmert is to meet him bi-weekly. Israel will cooperate with Abu Mazen and his apparatus, as well as with National Security Advisor Dahlan, and the Presidential Guard under the Palestinian Authority government."

16. (C) Peleg noted that Israel is still pressing for the release of kidnapped IDF Corporal Gilad Shalit -- "Abu Mazen's failure in this regard has been disappointing" -- and wants Abu Mazen to work more effectively to stop Qassam rocket launches and cross-border smuggling. Here, Peleg noted that the NUG's existence helps by removing Abu Mazen's excuse that he cannot do anything: "If Abu Mazen tries more, he will achieve more." Rami Yungman added that Israel is concerned that Shalit's captors will try to smuggle Gilad Shalit out of the Gaza Strip and into Egypt through a tunnel. He stated that the recent terrorist bombing in Eilat was perpetrated by a Palestinian trained in the Gaza Strip who made his way to Eilat through Egypt.

17. (C) Peleg said that Israel is working to improve the economic and quality-of-life conditions of the Palestinians, cooperating with U.S. Security Coordinator General Dayton and

Ambassador Jones on a daily basis. He said that there has been an overall improvement over the last six months, and asserted that progress is being made on crossings, as well as movement and access issues. Outside funding, Peleg said, still enters the PA through Abu Mazen as the Temporary International Mechanism (TIM) had been extended for another three months. Peleg said that PA Finance Minister Salaam Fayyad is now working in the NUG, so Israel prefers that funds not be transferred through him, but through Abu Mazen instead.

18. (C) Peleg noted that the Quadrilateral Security Group was holding its second meeting in Egypt to consider ways to improve the security situation in the Gaza Strip. Peleg said that the EU plays a major role in the security situation in Gaza, but could do more. As for the Palestinians, he said that Israel could not count on them to stop cross-border smuggling. Peleg suggested that more could be done on tunnels and smuggling if issues were tackled through parallel, bilateral meetings (e.g., Egypt and Israel, the U.S. and Israel.) Peleg noted that the EU-BAM's mandate would end in May, and that efforts were underway to extend it. Israel, he said, is now working with the U.S. and Europe to prevent Hamas from taking over the Rafah crossing between Egypt and the Gaza Strip. "We need to keep monitoring the Palestinians there," he cautioned. He added, "The extension of the EU-BAM's mandate is not a done deal. The Europeans have many demands. They are not satisfied with our activities at Rafah." Peleg noted that both the Israelis and the Palestinians have issued letters to the Europeans requesting the EU-BAM's extension.

IRAQ: EARLY WITHDRAWAL WOULD JEOPARDIZE ISRAELI SECURITY

19. (C) Shmuel Limone spoke on Israel's perception of the likely effects any U.S. withdrawal from Iraq would precipitate, identifying what he termed, "five major negative implications":

A) Iran would be viewed as the victor if the U.S. withdraws early from Iraq. This is because the players in the Middle East view everything in zero-sum terms. A "loss" for the U.S. would be viewed as a "victory" for its opponents. The images of the U.S. and Israel would be severely damaged.

B) Iran would receive a tremendous boost, and would improve its ability to act in Iraq. Time would work in Iran's favor as it would pick up momentum. Overall fear of and respect for America in the region would decrease. "It is the choice

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now of appearing as a wounded tiger versus a paper tiger," Limone warned.

C) Terrorists will gain encouragement from any U.S. withdrawal, and will re-direct their energies towards other targets, including Israel. Limone claimed that there is evidence that Al Qaida and the Global Jihad are looking at how to strike at Israel, but did not elaborate.

D) After any U.S. withdrawal, Iraq would probably break into three sub-states. This would, in turn, lead to a huge flow of refugees into Jordan, Syria, and possibly even Lebanon. (Limone noted that there are already up to 800,000 Iraqi refugees in Jordan, and that they are "changing the face" of that country.) The body of refugees may include many Shiites. Limone warned, "Anything that happens to Jordan is of colossal concern to Israel. Israel would not be able to allow Jordan to become Iraq on its border."

E) Increased insecurity in the Middle East will lead to an even greater arms race by all countries in the region.

110. (C) Limone admitted that the picture he painted was

gloomy, with no extenuating circumstances. He considered Sunni-Israeli cooperation possible, but less likely than greater cooperation between Hizballah and radical Palestinians. The real danger, he asserted, is that groups like Hizballah would become more adventuristic. Without prompting, Limone stressed that Israel has no right to ask the U.S. to stay in Iraq -- "We grieve your losses there, and recognize that it is a domestic political issue for the U.S."

Nevertheless, Limone said that Israel feels that it can at least point to the likely cost of an early U.S. withdrawal from Iraq. Yungman joined in, saying that if the U.S. decides to withdraw, it could help to mitigate the consequences if it left some U.S. forces deployed elsewhere in the region. POLAD Yates responded that, whatever Israel is seeing about how the issue is being treated by the general public in the U.S., the current policy of President Bush and Secretary Rice is not to withdraw from Iraq.

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ISRAEL FRUSTRATED WITH THE CURRENT ISRAEL-NATO RELATIONSHIP

¶11. (C) Uri Naumann spoke on what he characterized as a frustrating relationship between Israel and NATO. Israel is partly to blame, he admitted, because -- in his words -- it does not yet have a vision of its relationship with NATO: "It is still undecided. We have a team that is working on this right now, trying to develop a vision, and then turning that vision into a strategy and tactics." Naumann stressed, however, that Israel has decided nevertheless that it should work with NATO, upgrade the relationship, and get what it can out of the relationship. Naumann noted that Israel does not have a bilateral relationship -- it relates to the alliance within the framework of the Mediterranean Dialogue (MD), in which Arab states also participate: "We want, nevertheless, to build a bilateral relationship with NATO. NATO is doing more work in research and development, and on armaments. We have experience we can share with NATO, including in the area of IEDs. Some of what we have, we do not want to share with the Arabs and North Africans."

¶12. (C) Naumann claimed that Israel had cajoled NATO into offering MD countries Individual Cooperation Programs (ICPs). Israel, he boasted, was the first MD country to have its ICP approved by the alliance. Naumann said that two weeks earlier, Israel tried to flesh out its ICP framework but concluded the exercise in frustration. According to Naumann, Israel's interlocutors pressed it to focus on counterterrorism and nonproliferation issues: "We cannot focus on these issues, because the Arabs in the MD will not let us do this." On the positive side, Naumann acknowledged that the MD allows Israel to sit down with countries with which it does not have relations.

¶13. (C) Naumann noted that Israel agreed to participate in Operation Active Endeavor by placing a liaison officer at AFSOUTH in Naples in order to facilitate information exchange on the situation in the Eastern Mediterranean. He said that the Israeli officer has been identified, but claimed that bureaucracy has prevented the officer's deployment for over a year. He said he hopes the issue will be resolved in the not-too-distant future. Naumann observed that the lack of a NATO-Israel Status of Forces Agreement (SOFA) is complicating the officer's deployment.

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¶14. (C) Naumann also noted that Israel has been working on the NATO Maintenance and Supply Agency (NAMSA) issue for the last seven years. He claimed that Israel is waiting for approval of a Memorandum of Understanding (MOU) between MD countries and NATO. Naumann said that Israel had requested to buy services and spare parts from NAMSA. NATO presented it a draft MOU that -- according to Naumann -- grants Israel

access to NAMSA spare parts and services, on the condition that Israel fulfills NATO's requirements for parts and services unconditionally. Naumann characterized the agreement as "one-sided and absurd" and said that Israel will not sign it in its current form.

¶15. (C) Naumann concluded his briefing by underscoring that Israel will participate in as many NATO activities as is possible considering its budget and the situation of the Israeli Defense Forces. He expressed interest in learning about the current U.S. vision for NATO, and the implications for Israel. How, for instance, would Israel fit into the drive to bring like-minded countries closer to NATO in a "global partnership"? POLAD Yates noted that SECDEF Gates had stated categorically that NATO is the premier security alliance at the Munich security conference earlier in the year. She pointed out that the strong U.S. team at NATO -- including Ambassador Nuland and General Craddock -- demonstrates U.S. commitment to the transatlantic alliance. POLAD Yates suggested that one way Israel could help the alliance would be to explain to the Europeans the danger that terrorism poses to them. Placing the liaison officer in Naples would be a good start.

NOTES ABOUT THE MOD AND ITS POL-MIL BUREAU

¶16. (C) In the course of the discussion Yungman described the make-up and mission of the MOD's Political-Military Bureau. It consists of 25-30 persons, of which 12-15 are senior personnel -- all civilians (albeit with military experience). Yungman noted that the MOD's new Director General, Pinchas Buchris (BGEN, Ret.), would start work on May 9. He said that Buchris' background was military intelligence, and that he formerly was commander of Israel's equivalent to the U.S. National Security Agency (NSA).

¶17. (U) This cable was cleared by POLAD Mary Carlin Yates.

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